

RESOLUTION NO. 23-45

RESOLUTION OF THE CALIFORNIA SCHOOL FINANCE AUTHORITY AUTHORIZING THE ISSUANCE OF CHARTER SCHOOL REVENUE BONDS IN AN AMOUNT NOT TO EXCEED \$26,000,000 TO FINANCE AND/OR REFINANCE THE ACQUISITION, CONSTRUCTION, EXPANSION, REHABILITATION, RENOVATION, FURNISHING AND EQUIPPING OF EDUCATIONAL FACILITIES LOCATED IN LOS ANGELES COUNTY, CALIFORNIA FOR USE BY SCHOLARSHIP PREP

WHEREAS, the California School Finance Authority (the “Authority”) is a public instrumentality of the State of California, created by the California School Finance Authority Act (constituting Chapter 18 (commencing with Section 17170) of Part 10 of Division 1 of Title 1 of the Education Code of the State of California, as amended) (the “Act”) and is authorized to issue bonds and to loan the proceeds of the sale thereof to participating parties including charter schools established pursuant to the Charter Schools Act of 1992, as amended (constituting Part 26.8 of Division 4 of Title 2 of the Education Code of the State of California) (the “Charter School Law”) and to any person, company, association, state or municipal government entity, partnership, firm, or other entity or group of entities that undertakes the financing or refinancing of a project (as defined in the Act) pursuant to the Act in conjunction with a charter school for the purpose of financing or refinancing the acquisition, construction, expansion, rehabilitation, renovation, furnishing and equipping of educational facilities (as defined in the Act);

WHEREAS, Scholarship Prep Facility Holdings #3, LLC (the “Borrower”), a California limited liability company whose sole member is Scholarship Prep, d/b/a Scholarship Prep Public Schools (“Scholarship Prep”), a nonprofit public benefit corporation that operates charter schools established pursuant to the Charter School Law, has applied for financing under the Act for certain educational facilities;

WHEREAS, the Borrower will finance such educational facilities in conjunction with, and will lease such educational facilities to, Scholarship Prep for the operation of Scholarship Prep – South Bay (the “School”); and

WHEREAS, the revenue bonds as hereinafter described in Section 1 are expected to be secured by, among other things, an intercept of certain revenues of Scholarship Prep attributable to the School (the “Intercept”) by the Controller of the State of California (the “State Controller”) pursuant to Section 17199.4 of the California Education Code;

NOW, THEREFORE, BE IT RESOLVED by the California School Finance Authority as follows:

Section 1. Pursuant to the Act, revenue bonds (the “Bonds”) of the Authority, to be designated generally as the “California School Finance Authority Charter School Revenue Bonds (Scholarship Prep Public Schools – Obligated Group), Series 2023A” and “California School Finance Authority Charter School Revenue Bonds (Scholarship Prep Public Schools – Obligated Group), Series 2023B (Taxable),” or such other name or names or series or subseries designations as may be designated in the related Indenture hereinafter approved in Section 3, are authorized to be issued, in one or more series from time to time on a tax-exempt or federally taxable basis, in an aggregate principal amount not to exceed

\$26,000,000. The Bonds may, with the consent of the Borrower, be secured by bond insurance, letter(s) of credit or other credit enhancement. The proceeds of the Bonds shall be used to make a loan to the Borrower for any or all of the following purposes: (1) to finance and/or refinance the acquisition, construction, expansion, rehabilitation, renovation, furnishing and/or equipping of certain charter school educational facilities located at or adjacent to 24910 S. Avalon Boulevard, Wilmington, California 90744 (collectively, the "Project"), (2) to pay certain expenses incurred in connection with the issuance of the Bonds, and (3) to fund all or a portion of a debt service reserve fund deposit, capitalized interest, related working capital, and/or a repair and replacement fund deposit in connection with the Bonds.

Section 2. The Treasurer of the State of California (the "Treasurer") is hereby authorized to sell one or more series of the Bonds, on one or more sale dates, at any time within one year of the adoption of this Resolution, at public or private sale, in such principal amounts (which, in the aggregate, shall not exceed the aggregate principal amount set forth in Section 1), at such prices, at such interest rate or rates, and with such maturity dates and such other terms and conditions as the Treasurer, with the consent of the Borrower, may determine.

Section 3. The following documents:

(a) An Indenture relating to the Bonds (the "Indenture"), between the Authority and Wilmington Trust, National Association, as trustee (the "Trustee");

(b) A Loan Agreement relating to the Bonds (the "Loan Agreement"), between the Authority and the Borrower;

(c) A Bond Purchase Agreement relating to the Bonds (the "Bond Purchase Agreement"), among the Authority, the Treasurer, as agent for sale on behalf of the Authority, and Stifel, Nicolaus & Company, Incorporated, as underwriter (the "Underwriter"), and approved by the Borrower and Scholarship Prep; and

(d) A preliminary limited offering memorandum relating to the Bonds (the "Preliminary Offering Document");

are hereby approved in substantially the forms on file with the Authority prior to this meeting, with such insertions, deletions or changes therein (including, without limitation, insertions, deletions, or changes therein appropriate to reflect the series of Bonds (whether one or more) and the form of credit or liquidity enhancement for any series of Bonds) as the officer(s) executing and/or delivering the same may require or approve, such approval to be conclusively evidenced by execution and delivery thereof in the case of the Indenture, the Loan Agreement and the Bond Purchase Agreement and by the delivery thereof in the case of the Preliminary Offering Document.

Section 4. The dated date, maturity dates (not exceeding 40 years from the date of issue), interest rate or rates, interest payment dates, principal payment dates, authorized denominations, transfer restrictions, forms, registration, manner of execution,

places of payment and other terms of the Bonds shall be as set forth in the Indenture, as finally executed. In accordance with the Bond Issuance Guidelines of the Authority, the Bonds shall be issued in the authorized denominations and subject to transfer restrictions as set forth below:

(a) If the Bonds are unrated or are rated lower than “BBB-” (or its equivalent) by a nationally recognized rating agency (a “Rating Agency”), they shall be issued in minimum authorized denominations of \$100,000, the initial beneficial owners of the Bonds (the “Initial Purchasers”) shall be required to execute an Investor Letter substantially in the form appended to the Indenture (the “Investor Letter”), and both the initial sale and all subsequent transfers of the Bonds shall be limited to Qualified Institutional Buyers (“QIBs”), as defined in Rule 144A of the Securities Act of 1933, as amended (the “Securities Act”), or Accredited Investors (“Accredited Investors”), as defined in Regulation D of the Securities Act; one or more of the following will be required depending on the transaction, as requested by the financing team and approved by the Authority—traveling investor letter, higher minimum denominations of \$250,000, physical delivery, limited initial sale to QIBs with subsequent transfers limited to QIBs as well, or other investor protection measures; and such sale and transfer restrictions with respect to the Bonds shall be conspicuously noted in the final form of Bonds delivered and described in the Preliminary Offering Document;

(b) If the Bonds are rated “BBB-” (or its equivalent) or better, but lower than “A-” (or its equivalent) by a Rating Agency, minimum authorized denominations shall be \$25,000, the Initial Purchasers and each subsequent transferee of any Bonds shall be QIBs or Accredited Investors, as described in the Indenture, and such sale and transfer restrictions shall be conspicuously noted in the final form of Bonds delivered and described in the Preliminary Offering Document; and

(c) If the Bonds are rated “A-” (or its equivalent) or better by a Rating Agency, the Bonds may be issued and sold without any restrictions as to denominations or the qualifications of Initial Purchasers or any subsequent purchasers of the Bonds, and without the need for execution of an Investor Letter or Letters.

The Preliminary Offering Document, as posted or printed, shall reflect the operative provisions of the Bond Issuance Guidelines applicable to the Bonds.

Section 5. The Underwriter is hereby authorized to distribute a Preliminary Offering Document in substantially the form on file with the Authority in one document or in a separate document for one or more series of the Bonds to persons who may be interested in the purchase of the Bonds offered in such issuance. The Underwriter is hereby directed to deliver (in accordance with applicable federal securities laws, regulations and rules) a copy of the final limited offering memorandum (as finally executed, the “Offering Document”) to all actual purchasers of each series of Bonds authorized hereby.

Section 6. The Bonds, when executed, shall be delivered to the Trustee for authentication. The Trustee is hereby requested and directed to authenticate the Bonds by executing the Trustee's certificate of authentication appearing thereon and to deliver the Bonds, when duly executed and authenticated, to the Underwriter, in accordance with written instructions executed on behalf of the Authority. Such instructions shall provide for the delivery of the Bonds to or upon the direction of the Underwriter, as determined and confirmed by the Treasurer, upon payment of the purchase price thereof.

Section 7. Each officer of the Authority is hereby authorized and directed to do any and all things which he or she may deem necessary or advisable in order to consummate the issuance, execution, sale and delivery of the Bonds and otherwise to effectuate the purposes of this Resolution, the Indenture, the Loan Agreement, the Bond Purchase Agreement and the Offering Document. The Authority hereby approves any and all documents to be delivered in furtherance of the foregoing purposes, including without limitation: (a) certifications and instructions (including the instructions to the Trustee described in Section 6 above); (b) a tax certificate; and (c) any agreement or commitment letter with respect to the provisions of bond insurance, letter(s) of credit, surety bond(s) and/or a liquidity facility(ies) for the Bonds. The Treasurer (or designee) is hereby requested and authorized to take any and all actions within the Treasurer's authority as agent for sale of the Bonds that the Treasurer may deem necessary or advisable in order to consummate the issuance, execution, sale and delivery of the Bonds, and to otherwise effectuate the purposes of this Resolution.

Section 8. The provisions of the Authority's Resolution No. 22-06 apply to the documents and actions approved in this Resolution, and such Resolution No. 22-06 is hereby incorporated by reference.

Section 9. The Authority hereby approves and ratifies each and every action taken by its officers, agents, members and employees prior to the date hereof in furtherance of the purposes of this Resolution.

Section 10. This resolution shall take effect immediately from and after its adoption.

Dated: September 28, 2023

CERTIFICATE OF THE EXECUTIVE DIRECTOR

(Attesting to Action of the Authority)

Sacramento, California

I, Katrina Johantgen, Executive Director of the California School Finance Authority, hereby certify that the foregoing is a full, true and correct copy of Resolution No. 23-45 of the California School Finance Authority Authorizing the Issuance of Charter School Revenue Bonds in an Amount Not to Exceed \$26,000,000, to Finance and/or Refinance the Acquisition, Construction, Expansion, Rehabilitation, Renovation, , Furnishing, and Equipping of Educational Facilities Located in Los Angeles County, California for use by Scholarship Prep, adopted at a meeting of the California School Finance Authority held at 901 P Street, Room 102, Sacramento, California, on September 28, 2023, for which meeting all of the members of said Authority had due notice; and that at the meeting such Resolution was adopted by the following votes:

AYES:

NOES:

ABSTAINS:

ABSENT:

I further certify that the original minutes of said meeting and a copy of the original Resolution adopted at said meeting are on file in the California School Finance Authority office; and that the Resolution has not been amended, modified, or rescinded in any manner since the date of its adoption, and the same is now in full force and effect.

IN WITNESS WHEREOF, I have executed this certificate and affixed the seal of the California School Finance Authority hereto.

By _____

(seal)

Katrina Johantgen, Executive Director

_____, 2023